

DEPARTMENT OF INDUSTRIAL RELATIONS

Its Process for Verifying the Status of Licenses Issued to Farm Labor Contractors Is Operational but Needs Some Improvement

REPORT NUMBER 2001-017, SEPTEMBER 2002

Department of Industrial Relations' response as of December 2002

Audit Highlights . . .

Our review of whether the Department of Industrial Relations (department) has established a process for verifying the status of state licenses issued to farm labor contractors revealed that:

- The department's process for verifying the status of farm labor contractors' licenses has been operational since July 1, 2002.*
 - Agricultural growers, farm labor contractors, and others can request license verifications through the department's Web site or by electronic mail, telephone, or facsimile.*
 - More oversight is needed of the department's license verification process, especially in these early stages of implementation.*
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Chapter 157, Statutes of 2001, amended Section 1695.7(e) of the Labor Code, and required the labor commissioner in the Department of Industrial Relations (department) to establish a unit for verifying the status of farm labor contractors' licenses by July 1, 2002. According to the amended code, agricultural growers and farm labor contractors that subcontract work must verify that a farm labor contractor is properly licensed. The Bureau of State Audits was required to certify that the department's unit responsible for these verifications is operational. Based on our review, we found the following:

Finding #1: Although the department's license verification process is operational, the unit manager should exercise more oversight.

The department's new verification process is sufficient to certify the status of a farm labor contractor's license within one business day of receiving a request, provided employees follow established procedures. The unit manager oversees the verification process and has significant review capability over requests received and responded to electronically—the most common submission and delivery method. However, the unit manager is less able to monitor requests and responses to requests that are not electronic, such as requests received over the telephone or fax, or responses sent by fax or mail. Although the five employees assigned to the verification function are required to maintain folders containing documentation of fax and telephone requests and evidence of the corresponding responses, the unit manager had not had a chance to review these files at the time of our testing. Consequently, the unit manager has less assurance that telephone and fax requests as well as mail and fax responses are processed appropriately.

In addition, the unit does not accurately compile statistics concerning the number and types of verification requests received. The unit needs to have accurate information concerning its workload so it can assign an appropriate amount of resources to this function.

To ensure that the department is complying with the requirement that it respond to requests for verification of farm labor contractor licenses within one business day, we recommended that the unit manager exercise more oversight. For example, the unit manager could develop a log for employees to record the date, time, and medium (online, fax, e-mail, or telephone) by which a request is received; the date and time that the employee transmits the verification; and the method by which he or she transmitted the verification (e-mail, fax, or mail). The unit manager could then review the logs to ensure that a response was recorded for every request. The unit manager could also compare the number of requests received to the number of unique verification numbers issued. The logs would also provide statistical information on the unit's workload.

Department Action: Partial corrective action taken.

➡ The department reports that the unit manager reviews incoming e-mail requests daily to ensure that responses have been made and reviews the responses. The unit manager also reviews and assigns all license verification requests received by fax. The department asserts that it has responded to all requests received in a timely manner. However, the department's response does not explain how it ensures that telephone and fax requests are processed appropriately.

➡ Finally, the department reports that it has kept statistics that reflect the number of requests and the method by which they are received. However, the department's response does not address our finding that these statistics are inaccurate.

Finding #2: The department has not established dedicated telephone and fax lines for license verification requests.

The department has not established a dedicated telephone line for license verification requests. Consequently, unit employees who are not trained to perform verifications of farm labor contractors' licenses occasionally answer incoming telephone calls and attempt to gather relevant information from the requestor. This practice increases the chance of

miscommunication between the requestor and the unit employee working on the verification. Similarly, the department does not have a fax machine dedicated to license verification requests. Rather, faxed requests are received in a general work area by a fax machine used by the entire unit. The lack of a dedicated fax machine increases the risk of misplacing a faxed license verification request.

To reduce the possibility that a request for verification is lost or incorrectly handled, we recommended that the department consider obtaining dedicated telephone and fax lines and a fax machine for this function.

Department Action: Corrective action taken.

The department reports that the number of faxed license verification requests has fallen from 91 in the first month of operation to less than 20 per month. Therefore, the department does not believe it is necessary to have a fax machine dedicated to license verification requests.

Additionally, the department reports that it received 83 license verification requests over the telephone in the first month but now receives less than 40 per month. The department does not believe that it is necessary to install a telephone line dedicated to this function.

Finding #3: The department does not accept telephone requests on all state business days.

Although the license verification Web site indicates that requests can be submitted by calling the Fresno or San Francisco office, neither office accepts telephone requests on Thursdays, and the San Francisco office does not accept telephone requests on Tuesdays as well.

To be more responsive to its customers, we recommended that the department consider taking telephone requests for license verification on all state business days.

Department Action: Corrective action taken.

The department reports that it now accepts telephone requests for license verifications on all state business days.

